



JANUARY 01 – SEPTEMBER 30, 2021
ACTIVITY REPORT FOR THE PERIOD BETWEEN

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I. GENERAL INFORMATION

a) About Kafein

Kafein Yazılım Hizmetleri Ticaret A.Ş. (Kafein; the Company) was founded in 2005 to develop software solutions. Having always focused on customer satisfaction, Kafein offers Telecommunication BSS (Business Support System), application development, test / test automation, project management, turnkey software solution, consultancy, outsourcing and managed services as well as data analysis, data mining and data archiving services. Kafein has always maintained its growth since establishment and improved competencies each and every year. Kafein continues operations in strict conformance with quality standards and methodologies. Among the institutions that benefit from the services by Kafein, there are the biggest telecommunication companies, insurance companies, banks, international retail and manufacturing companies of Turkey.



- **MISSION**

To contribute to the development of the industry by offering high quality services and turnkey solutions and products to corporate firms based on Service Level Agreements (SLAs).

- **VISION**

To serve as the pioneering service and product provider company in all the telecommunication, energy and financial industries and be the most preferred company among the leaders of such industries.

- **TARGET**

To grow with clients by adding value to them.

b) Reporting Period

This report covers the information of the period between 01.01.2021 and 30.09.2021.

c) Registry Information

Trade Name	Kafein Yazılım Hizmetleri Ticaret Anonim Şirketi
Date of Establishment	26.08.2005 - Istanbul, TURKEY
Paid Capital	TRY 19.750.000
Authorized Registered Capital Stock	TRY 200.000.000 (Two Hundred Million Turkish Lira)
Trade Registration No.	ISTANBUL - 563336
Tax Office and Number	ESENLER - 487 051 8539
Address	Head Office: Eski Londra Asfaltı Caddesi Ciftehavuzlar Mahallesi Yıldız Teknik Üniversitesi Davutpaşa Kampusu C1 Blok K: 2 No: 403 Esenler / Istanbul, Turkey Atasehir Branch: Barbaros Mah. Mor sümbül Sk. Deluxia Palace K:17 D:48 Ataşehir-İstanbul Ankara Branch: Aşağı Öveçler, 1309. Sk. No:5 D:6, 06460 Çankaya/Ankara
Telephone / Fax	0212 924 20 30 / 0212 483 70 27
Website	www.kafein.com.tr
Area of Activity	Software Development
NACE Code	62.01.01 (Computer Programming Activities)

d) Area of Activity

Kafein Yazılım Hizmetleri Ticaret A.Ş. is engaged in software services. The fields of activity of the Company can be analysed under the following six items:

- 1. Managed Services**
- 2. Turnkey Solutions**
- 3. Outsourcing Services**
- 4. Technology & Software Development**
- 5. Software Product (License) Sales**
- 6. Innovative Products and Services**

Kafein carries out all the operational processes according to ISO 9001 quality management system and offers services in compliance with these processes. The Company provides turnkey solutions in insurance, transportation, banking, tertiary and, in particular, telecommunication industries.

1. Managed Services

Managed service is the management of a part of the IT system of a company on behalf of a client and rendering it as a service. All or a part of software development, analysis, test and operation services can be considered as managed services. Managed services also include personnel supply, employment and management. The difference between personnel supply under managed services and standard employment is;

Outsourcing	Managed Services
Personnel selection is made by the client.	Personnel selection is made by the supplier company.
Performance review is made by the client.	Performance review is made by the supplier company.
The number of personnel is defined by the client.	The number of personnel is defined mutually; the goal is to render services.
A mixed team is established for the same purpose and goal.	The team consists of a single company.
Fund of knowledge is transmitted in a limited way.	Fund of knowledge is created within the company.
Payment is made according to the days of work by personnel.	Payment is made according to rendered service.

Kafein offers managed services and assigns a team for software development, analysis, test and operation in accordance with a Service Level Agreement (SLA) to be concluded with the client. The quality of these services is measured with the comparison of key performance indicators mutually defined by the parties.

This approach attributes the cost of works and personnel to Kafein. Therefore, it serves not only as an approach to reduce management costs but also as a competitive element that improves performance and efficiency.

Thanks to the knowledge and experience acquired with managed services, Kafein has become one of the key suppliers according to the clients. This ensures longer terms of business and agreements for Kafein.

2. Turn-Key Solutions

Kafein offers turnkey solutions tailored for the needs of clients. These solutions are implemented by a project team specially established for the purpose. With turnkey solutions, software development and integration requests are completed and offered for use within a particular time as defined by clients. These activities are performed with a certain discipline and method by a special team. With these projects, Kafein offers the softwares developed by the Company or business partners to the clients of telecommunication, service, insurance and transportation industries, in particular.

In this sense, Kafein implements the project management methodologies that are accepted as the industrial standards. These methodologies are identified with the consideration of the complexity and size of projects, the profile and structure of clients, and the parameters to be regarded for project team. Similarly, project managers use various project management tools throughout the projects.

In general, a project management process consists of the following stages:

- Identification and analysis of client needs - Scope Analysis
- System analysis and design
- Solution development or adaptation, integration
- Tests
- Commissioning
- Formation and maintenance of operation and maintenance processes
- Project closing, lessons learned and process evaluation
- Observation process

3. Outsourcing Services

Kafein employs and assigns personnel according to the knowledge and experience levels required by clients. The personnel assigned to render services are selected by clients from among the proposed candidates. In this service, client is the party responsible for the management of a dedicated Kafein team and also undertakes the risk for the quality and completion of works

4. Technology & Software Development

Kafein evaluates client needs and technological developments and continues R&D activities in technology and product development areas. In this regard, the Company evaluates the support and incentives by TUBITAK, KOSGEB and similar other institutions, and aims to contribute to the national software vision of Turkey. The developed products and technologies do not only meet the demands of the national market but are also intended for export. Kafein attaches great importance to the following 4 areas;

- Internet of things
- Big data analysis
- Mobile Applications
- Security

5. Software Product (License) Sales

Recently, Kafein has been engaged in license sales in Turkey as the business partner of many international software and technology companies. Having initiated license sales in Turkey by collaborating with the leading companies of the relevant industries, the Company desires to expand operations to abroad.





ROBOTIC PROCESS AUTOMATION

Robotic Process Automation refers to automatic processes and operations realized by employees through software robots. Robotic Process Automation reduces the errors in operations, enhances service quality and ensures cost and time saving for manual and repetitive procedures.



END TO END SOLUTION TO PROTECTION OF PERSONEL DATA

It enables organizations to discover, properly configure, process, and store sensitive data in compliance with the Personal Data Protection Law (KVKK) and General Data Protection Regulation (GDPR), and in accordance with legal requirements.

End-to-end Solution for Personal Data Protection ensures sensitive data detection, accurate configuration, efficient processing and storing in compliance with Personal Data Protection Law (KVKK) and General Data Protection Regulation (GDPR).



CYBER SECURITY

Cybersecurity can be defined as the aggregated methods, technologies and processes that help protect the confidentiality, integrity and availability of computer systems, networks and data against cyber-attacks or unauthorized access. The main purpose of cybersecurity is to protect all corporate assets from both internal and external threats.

In the current period, the IMG & Security team has been working in this field. By completing trainings and accreditations, our company has become an Authorized Solution Partner with Microfocus International Plc – Arcsight (Log Management and Security Operations); Mentis Software (Dynamic Data Masking, Database Monitoring and Firewall) and NetWitness Software - RSA (Network, Endpoint Threat Detection and Response) products.



SMART SENTIMENT ANALYSIS

Smart Sentiment Analysis enables the recognition, comprehension, and classification of visitor sentiments with the immediate analysis of real-time images. Smart Sentiment Analysis makes it possible for institutions to understand their customers and offer the correct service.



INSURANCE MANAGEMENT SYSTEM

Enabling efficient insurance inventory and policy tracking, Insurance Management System also facilitates premium management and allows tracking with monthly reports.



K-BI

K-BI is a business intelligence platform with which companies can automatically do performance analyses and reporting according to their needs. K-BI allows live data and 3D data visualization by creating graphics and comparisons.

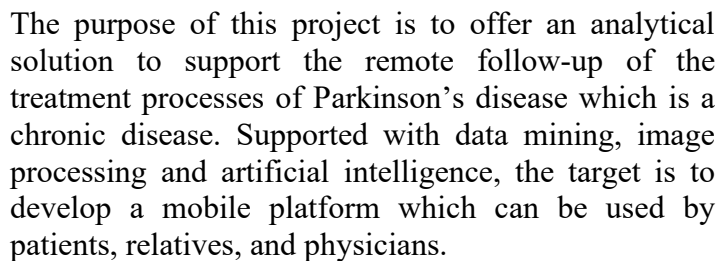


K-AWARD

K-Award is an awarding system which uses a scoring method to measure the performance and in-house activities of employees. K-Award is integrated into the human resources system of companies and is based on the principles of playing.



SMART PLATFORM TO HELP THE TREATMENT AND FOLLOW-UP PROCESS OF PARKINSON'S DISEASE



As part of “the Big Data Mining Applications for Health Data”, TUBITAK granted a project support on 21.01.2020 covers the activities until 31.12.2020. On 11.02.2021, an Additional Protocol toward initial Counselling Agreement was signed with Istanbul Medipol University Technology Transfer Office for the "Intelligent Platform Assisting the Treatment and Follow-up Process of Parkinson's Disease" to remain in effect until 01.10.2021. On 01.09.2021, a patent application was made via EPATS (Turkish Patent and Trademark Institution Electronic Application System) for the project titled “Parkinson Tracking System and Method”.



Foramind is an “Online Mind Mapping Platform”. It is the first domestic product of Mind Maps, which is one of the rising and gaining development tools in the world. Mind mapping is an effective technique that helps you visualize your thoughts and communicate them to others. It can be used for problem solving, planning, review and presentations.

e) Capital and Partnership Structure

The issued capital of Kafein Yazilim Hizmetleri Ticaret A.S. consists of 19.750.000 shares with TRY 1.00 as the nominal value of each share.

By 30.09.2021, the distribution of the issued capital of Kafein among the partners is as follows:

Partners	Group A	Group B	Group C	Total Capital Amount (TRY)	Capital Share (%)	Voting Right (%)
Ali Cem Kalyoncu	183.333	183.333	4.571.716	4.938.382	25,00	40,48
Public			14.811.618	14.811.618	75,00	59,52
TOTAL	183.333	183.333	19.383.334	19.750.000	100,00	100,00

f) Privileged Shares and Explanations for the Voting Rights of Such Shares

As specified under article 7 of the Articles of Association, the shares of the Company are classified under three groups as Group (A), (B) and (C) shares. Group (A) and (B) shares are registered shares and represent the special rights and privileges defined in the Articles of Association. Group (C) shares are bearer shares and are not furnished with special rights and privileges.

During a capital increase, Group (A), (B) and (C) shares will be issued in proportion to the amount of Group (A), (B) and (C) shares, respectively, to represent the increased capital. In case of a capital increase where new shares are restricted, only Group C shares will be issued.

According to article 9 of the Articles of Association, 2 members are to be elected from among the Group A shareholders or the persons assigned by them while 1 member is to be elected from among the Group B shareholders or the person assigned by them in case the Board of Directors consists of 6 or 7 members. Similarly, 3 members are to be elected from among the Group A shareholders or the persons assigned by them while 1 member is to be elected from among the Group B shareholders or the person assigned by them in case the Board of Directors consists of 8 members.

One among the Group A shareholders or a person assigned by them takes office as the Chairman of the Board while one among the Group B shareholders or a person assigned by them serves as the Vice Chairman of the Board.

As specified in article 15 of the Articles of Association, each and every Group A and B shareholder has 15 (fifteen) voting rights except for board member elections while each and every Group C shareholder has 1 (one) voting right in the ordinary and extraordinary general assembly meetings.

II. INFORMATION ABOUT THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT

a) Information about the Board of Directors, Senior Management and Personnel

BOARD OF DIRECTORS		
Full Name	Role	Current External Assignments
Ali Cem Kalyoncu	Board Chairman	• Netsite İletişim ve Elektronik Sistemleri San. Ve Tic. A.S. Managing Partner and Vice Chairman • Smartiks Yazılım A.S. Board Chairman • Intranet Yazılım A.S. Board Chairman • Compello Bilgi Teknolojisi Hizm. ve Tic. A.S. Board Chairman • Karmasis Bilisim Cozumleri Tic. A.S. Board Chairman • Papilon Savunma Teknoloji ve Ticaret A.S. Vice Chairman
Neval Onen	Vice Chairwoman	• Intranet Yazılım A.S. Board Member • Smartiks Yazılım A.S. Board Member • Compello Bilgi Teknolojisi Hizm. ve Tic. A.S. Board Member • Karmasis Bilisim Cozumleri Tic. A.S. Board Member
Hatice Sevim Oral	Board Member	-
Kenan Subekci	Board Member	• Birlik Insaat Otomotiv ve Bilisim Hizm. Controlling Shareholder
Ibrahim Semih Arslanoglu	Independent Board Member	• Smartiks Yazılım A.S. Independent Board Member
Yuce Erım	Independent Board Member	• Angular Velocity OY Board Member and Partner, Smartiks Yazılım A.S. Independent Board Member

Ali Cem Kalyoncu (Board Chairman - Director General)

Ali Cem Kalyoncu was born in 1960 and is an alumnus of the Electronics Engineering department, Istanbul Technical University. Later, he got his master's degree from the Autocontrol and Computers department Istanbul Technical University Institute of Science. As part of his professional career, he took office in Nixdorf A.S. as a Service Engineer, Digital Equipment Türkiye A.S. as Service Manager, and Datapro A.S. as a Director General and Managing Partner. Ali Cem Kalyoncu holds office as the Board Chairman and Director General of Kafein Yazılım Hizmetleri Ticaret A.S.

Neval Onen (Vice Chairwoman of the Board - HR & Administrative Affairs Manager)

In 1989, Neval Onen started her professional career as a part-time sales representative in Danisman Bilgisayar. Later, she also served as an Administrative Affairs Officer under the same company. In 1994, she was employed by 4K Bilgi Islem as a Sales Representative where, in 1997, she held office in the Oem Department as the Sales Manager. In 2000, she started to serve as the IT Sales Manager in Genpa. Subsequently, she started to work under the project sales department of Datapro A.S. in 2002. In 2003, she was assigned by Datapro as the Sales and Customer Services Manager responsible for the relations with IBM, Fujitsu Siemens, Kodak, Oki, Epso and HP companies. She holds office under Kafein Yazilim Hizmetleri Ticaret A.S. since 2008, and currently serves as the Vice Chairwoman and HR & Administrative Affairs Manager of the Company.

Hatice Sevim Oral (Board Member - Accounting Manager)

Hatice Sevim Oral was born on 22.12.1964, in Malatya. She graduated from Malatya Trade Vocational School in 1981, School of Economics and Administrative Sciences of Inonu University in 1982 and Business Administration Department (Open Education Faculty) of Anadolu University in 2019. She served as a Chief Accountant under Onur air - TK Air between 1992 and 1994; Financial Affairs Manager under Akdeniz Airlines between 1995 and 1996; Internal Auditor under Cenajans Grey Reklamcilik A.S. between 1997 and 1999; Specialist Accountant under the Banks Association of Turkey between 1999 and 2002; and Assistant Accounting Manager under Datapro A.S. Between 2005 and 2008. Since 2008, she holds office as the Accounting Manager of Kafein Yazilim Hizmetleri Ticaret A.S.

Kenan Subekci (Board Member - IT, Administrative Affairs and Purchasing Manager)

Kenan Subekci was born in 1979. Subekci graduated from the Department of Electrics of Abant Izzet Baysal University and the Department of Labour Economics and Industrial Relations of Anadolu University. He took office in Datapro A.S. as a Broad Service Officer, and in Probil A.S. as a Team Leader and Project Officer. Kenan Subekci currently holds office as the Board Member and IT, Administrative Affairs and Purchasing Manager of Kafein Yazilim Hizmetleri Ticaret A.S

Yuce Erim (Independent Board Member)

Having graduated from the Department of Mechanical Engineering of METU in 1984, Yuce Erim worked as a research assistant in the same university until 1986. Following his military service, Erim decided to work in the sales industry until 1987 and, during his 30 years of professional career, worked in NCR, Digital Equipment Corporation, Compaq Computer, Sun Microsystems and Software AG companies, respectively, as Sales Manager, Regional Manager, Director and Director General. The also played various other regional roles. Lastly, he held office under Oracle as the Regional Manager of Business Applications responsible for the Central Asia. He also improved himself as a professional Coach. In this sense, Yuce Erim completed the ICF ACTP Professional Coaching Certification (Management Coaching) in

Flow Coaching International and acquired the titles FCPC (Flow Certified Professional Coach) and ACP, respectively.

Ibrahim Semih Arslanoglu (Independent Board Member)

Ibrahim Semih Arslanoglu was born in Adapazari in 1948. Arslanoglu currently holds office in mSolve Partners Turkey as a managing director and in Istanbul ISA Danismanlik as a manager. He previously acted as a manager in Intel, TeleMedia Grup, Digital Equipment Corporation USA, AT&T Capital Corporation and SeaChange International. Arslanoglu gave lectures on International Business ve Marketing and Computer Sciences for seven years in Boston University’s Metropolitan College and got his master’s degree from California State University after graduating from the department of “International Marketing and Computer Sciences”

b) Senior Management and Personnel

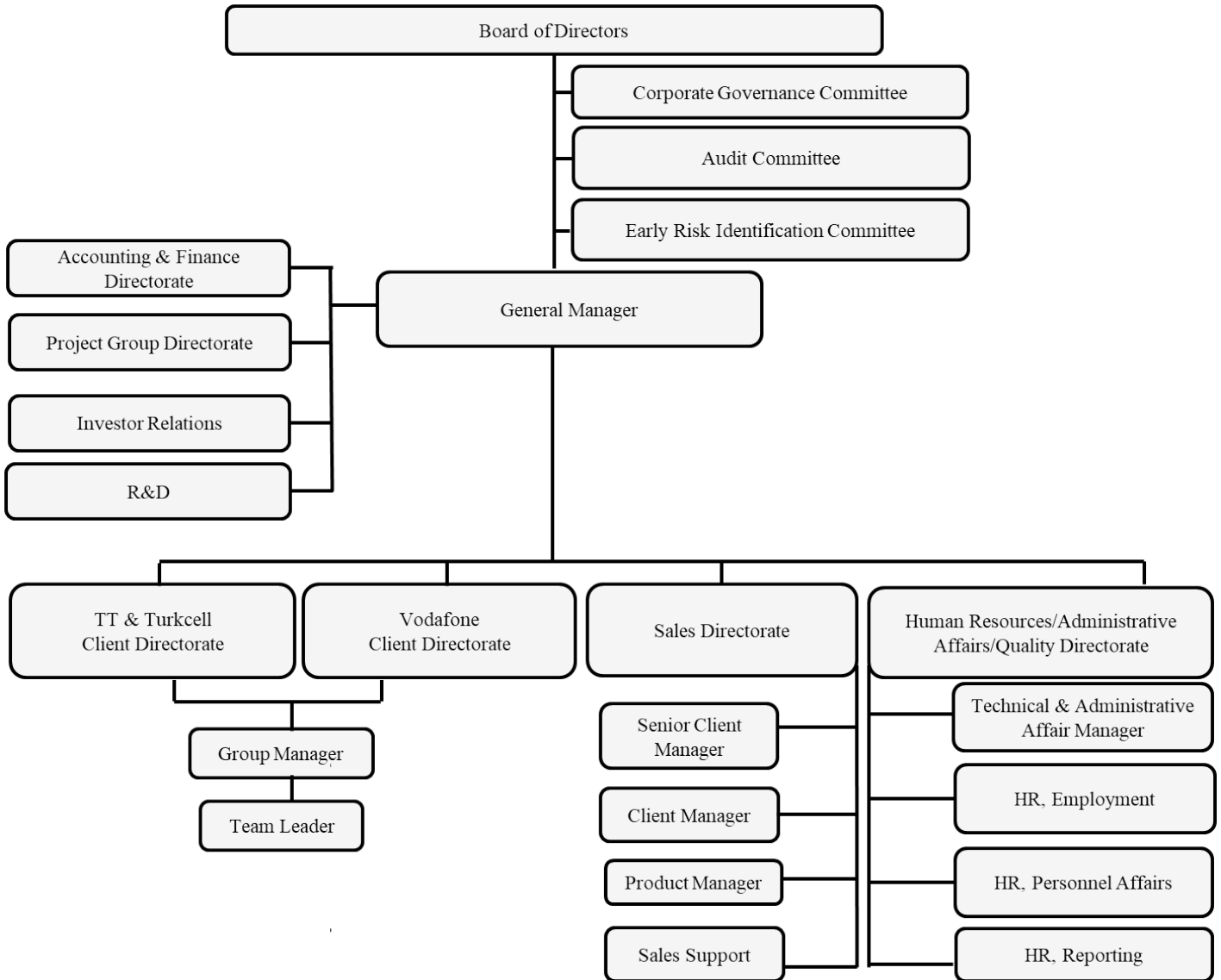
The senior management of the Company consists of the Chairman of the Board, Board members and other managers acting as directors general.

Senior Management	Title
Ali Cem Kalyoncu	Chairman of the Board; General Manager
Neval Onen	Vice Chairwoman of the Board; HR and Administrative Affairs Manager
Kenan Subekci	Member of the Board; IT, Administrative Affairs and Purchase Manager
Hatice Sevim Oral	Member of the Board; Accounting Manager
Yuce Erim	Independent Board Member
Ibrahim Semih Arslanoglu	Independent Board Member
Ozlem Tibet	Sales Manager
Ilker Kinaci	Sales Manager
Tugrul Gokcen	Sales Manager

For the period ending on 30.09.2021, the total amount of the attendance fee and similar other benefits granted to the board chairman, board members and senior management is 3.619.839 TRY.

On 30.09.2021, the company’s average number of employees working during the year is 748 (December 31, 2020: 663)

c) Management and Administrative Structure



III. INFORMATION ABOUT THE OPERATIONS

a) Information about the Buy-Backed Shares

The Company has not acquired any share of its own.

b) Information about Private and Public Audits

The internal control system and internal audit activities of the Company is regularly checked and carried out by Finans Denetim Yeminli Mali Musavirlik A.S.

In the Ordinary General Assembly Meeting held on 12.04.2021, Kavram Bagimsiz Denetim ve Danismanlik A.S. was assigned as the Independent Auditor to perform the audit and other relevant procedures on the financial year of 2021 in accordance with Turkish Code of Commerce, Capital Markets Regulation, and other relevant regulations.

c) Information about the On-going Legal Procedures

Currently, there is no initiated or pending case which may affect the financial condition or the activities of the Company.

d) Sanctions Imposed under the Regulations

Currently, there is no administrative or judicial sanction imposed on the Company or the Board members due to illegal procedures.

e) Donations and Grants

Due to forest fires in our country, it was decided to donate 2.000 saplings corresponding to the amount of 20.000 TRY to "Turkish Foundation for Combating Erosion, Afforestation and Protection of Natural Assets" (TEMA) with the Board Decision dated 04.08.2021 and numbered 2021/16 within the scope of our Company's Donation and Aid Policy.

f) Information about the Group Involving the Company

The Company is not a part of an association of companies.

g) Legislative changes that may affect company activities

Law No. 7263, which includes changes on R&D and innovation activities in Technology Development Zones and R&D / Design Centers, was published in the Official Gazette dated February 3, 2021. Accordingly, the incentive periods provided for Technology Development Zones and R&D / Design Centers have been extended until 31.12.2028.

Under the Law No. 7263 (The Amendment of the Law on Technology Development Zones and Some Laws), the total working hours of the personnel working in the R&D/design centres and technology development zones, which can be subject to income tax withholding incentives are increased to %50 from %20 by the decision published in the Official Gazette dated October 17, 2021, to remain affect until 31.12.2022

h) Information about the Affiliates and Subsidiaries

Smartiks Yazilim A.S. (%6,43)

Smartiks was established in 2006 to offer efficient business solutions to clients using high-tech components and to render software development and consultancy services with the specialized team. In general, Smartiks produces corporate softwares so as to meet the software requirements of institutions arising out of their special needs. The contents and scope of these softwares are tailored for the internal processes and requirements of clients.

Smartiks also offers Data Warehouse, Data Integration, Data Quality and Consolidation and Dashboard services as well as a modern and optimized data management infrastructure which is consistent with analytical reports and score cards. The clients of Smartiks include the leading Turkish banks, computer companies, public institutions, and international information technology companies. As the current period Kafein Technology owns %6,43 of shares and %49,80 of voting rights of Smartiks Software.

Smartiks Yazilim A.S. , purchased 3.000.000 shares (%100) of **Compello Bilgi Teknolojisi Hizmetleri ve Tic. A.Ş.** on September, 27 2019 for the price of 13.940.000 TRY. The said subsidiary was included in the scope of consolidation as the date of acquisition and consolidated according to full consolidation method.

Intranet Yazilim A.S. (%51)

On June 13, 2017, Intranet Yazilim A.S. was established by Kafein Yazilim Hizmetleri Ticaret A.S. The company was registered on the same date. The main fields of activity of Intranet Yazilim A.S. include research and consultancy services as regards to quality management, information technology and system integration; product and service design, development, manufacture and assembly in any field of computer industry and information technologies; consultancy in information technologies and similar other subjects and projects; and project management and control. As the current period Kafein Technology owns %51 of Intranet Software.

Karmasis Bilişim Çözümleri Ticaret A.Ş. (%51)

The main activity of Karmasis Bilişim Çözümleri Ticaret A.Ş., which was established in 2003, is to produce information processing software, to sell the usage rights as the owner of these software, to carry out training activities on information processing and software, and to provide consultancy services on these issues if necessary. On 12 November 2020, Kafein Technology purchased %51 of Karmasis for a price of 45.390.000 TRY and include it into the scope of consolidation with full consolidation method starting by the financial statements of the period ending as of 31 October 2020.

Papilon Savunma Teknoloji ve Ticaret A.Ş. (%11)

On 24.11.2020, Kafein Technology., has purchased non-trading shares of Papilon Savunma Teknoloji ve Ticaret A.S with an amount of 71.465.625 TRY by 18,90 TRY. The acquiring transaction covers 3.781.250 shares which comprises %11 of capital that has non-public offering situation.

i) Amendments to the Articles of Association within the Period

On 19.01.2021, Due to the expiration of the current registered capital ceiling by the end of 2020, the application was made to the Capital Markets Board for the purpose of the Extension of the Registered Share Capital Ceiling Validity Period from 2021 to 2025 (5 years) and increasing the current capital ceiling from 50.000.000 TRY to 200.000.000 TRY. The application has been approved by the Capital Market Board on 15.02.2021 and by T.R. Ministry of Trade on 25.02.2021. It is accepted on general assembly dated 12.04.2021 and has been registered by Istanbul Trade Registry Office as of 15.04.2021.

IV. RESEARCH AND DEVELOPMENT ACTIVITIES

Carried out at the Technology Development Zone of Yildiz Technical University the projects concluded between 01.01.2021 and 30.09.2021 or in progress by Kafein as part of R&D works are as follows chronologically:

#	Project Name	Date of Commencement	Date of Completion*	Project Summary/ Purpose
1	<i>Telco 1.5L Digitalization Automation Project</i>	<i>1.06.2019</i>	<i>31.03.2021</i>	<i>The project aims to perform Level 1.5 automation procedures with robotic processes without human intervention using Artificial Intelligence Integrations and UiPath tool. Human-free processing with robotic processes targets to reduce error margins, ensure saving on time and resources, allow faster standardization and realization of corporate processes, and, thus, improve efficiency.</i>
2	<i>Smart Platform to Assist Treatment and Follow-up Process of Parkinson's Disease</i>	<i>1.06.2020</i>	<i>1.06.2021</i>	<i>The aim of the project is to produce an analytical solution that will support the remote monitoring of the treatment processes of Parkinson's, a chronic disease. Within the scope of this project, which can be used by patients, relatives, and doctors; A mobile platform supported by data mining, image processing and artificial intelligence is being developed.</i>
3	<i>Foramind Project</i>	<i>14.04.2021</i>	<i>14.06.2021</i>	<i>Foramind is an "Online Mind Mapping Platform". It is the first domestic product of Mind Maps, which is one of the rising and gaining development tools in the world. Mind mapping is an effective technique that helps you visualize your thoughts and communicate them to others. Can be used for problem solving and planning, topic repetition and presentations.</i>
4	<i>Telco Network Monitor Project</i>	<i>3.10.2019</i>	<i>30.06.2021</i>	<i>In order to prevent potential delays and damages which may arise due to human error especially as regards to Network, the project aims to track the network devices of customers and keep statistics with a system. In this regard, the project plans to take immediate and real-time actions against malfunctions, completely remove human error and improve efficiency. In consequence of the project, we expect a better workflow, zero error, increased satisfaction, and decreased costs.</i>

5	Digital Sales Automation Platform	12.12.2019	12.12.2021	The project aims to provide efficiency in sales operations by ensuring instantaneous field monitoring and customer visit route planning and direction with the use of IOT-supported systems. Present customer visits and customer needs and purchases will be stored at “Data Warehouse” systems, and potential new sales offers will be created and the field will be supported with data using the models in the Big Data.
6	Telco Transformation Project, Phase II	13.12.2019	13.12.2021	The project helps to create a play list on the Mobile Music Application of the client according to the music played or streams listened to by end-users.
7	Smart Assistant	16.03.2020	16.03.2022	The project aims to use artificial intelligence in order to ensure the understanding of customer needs and appropriate response to such needs with a customer-based approach. The areas using smart assistant include reminder services, audible reading of messages, location services, voice calls and message writing processes.
8	Reseller Management System Project	18.05.2020	18.05.2022	The project intends to respond to the maintenance requests and demands from the clients in the telecommunication industry, prevent human errors by automating manually operated Dealer and User creation processes and improve efficiency.
9	Telco Online Processing Centre, Phase IV	2.06.2020	2.06.2022	The project aims to carry out the authentication, session management, asset management and similar other processes of the web applications of the online processing centers of telecommunication companies from a single center by protecting and integrating Legacy systems with a secure system
10	Interface Project	10.06.2020	10.06.2022	The project intends to improve monthly sales figures by renewing customers’ cart and purchase screens on the website. Besides, the project ensures that customers are directed to desired subjects by using a webchat supported with artificial intelligence. This allows less labor and time for the call center.
11	Collection Risk System Project	10.06.2020	10.06.2022	The project intends to respond to the maintenance requests and demands from the clients in the telecommunication industry, prevent human errors by automating manually operated Dealer and User creation processes and improve efficiency. Furthermore, the

				project aims to re-develop former systems with new technologies.
12	Telco Premium System Development Project Phase 2	1.07.2020	1.07.2022	With the project, a platform will be created where the customer can automate the premium processes and transparently present the outputs to the dealers. With the source system analysis, areas that may be subject to premium will be determined, related data will be taken considering the large data volume, a structure will be designed in which the calculation engine can work with performance, reporting layers will be created that dealers can access within their authority, and dealers will be able to see their current status.
13	New Generation E-Commerce Platform Software Project	3.07.2020	3.07.2022	The project aims to develop the model which will ensure the best shopping experience according to the information collected from customers and products.
14	Kafein Sentiment Analysis Project	13.07.2020	15.07.2022	The project aims to identify and categorize the sentiments expressed with facial mimics. For the algorithm to enable such categorization, we plan to use Convolutional neural network (CNN). Image processing parameters can comprehend and interpret data as designed beforehand. Using databases including various faces, the algorithm comprehends and analyses human sentiments by categorizing the shots received from video images.
15	Digitalization Infrastructure Project for Telecommunication Companies Phase II	18.07.2020	18.07.2022	The project aims to ensure consistency among all the data on SMS, Online, IVR, mobile and similar other channels which are created by telecommunication companies in order to render better service, and to create a common infrastructure so as to ensure consistent client experience.
16	Marketing Solutions Modules Project Phase II	14.09.2020	20.09.2022	It is aimed to improve the harmonized infrastructure within ICT and Marketing Solutions Portfolio of Telco customers, and to reduce the workload of the customer's teams by decreasing the received bug number within the customer and to make the modules more stable.
17	Income Practices Control Project	29.11.2020	29.11.2022	The problems in customer IT systems regarding the applications which are working integrated with each other is one of the problems that are constantly experienced. It is

				aimed to develop a system that will ensure controls and keep statistics by following the revenue practices of our customers in IT systems, and to automate the actions to be taken in case of inconsistencies, preventing human error and minimizing errors that may cause income losses. For this, it is aimed to increase the success rate by using machine learning and Big Data analysis techniques in addition to the methods in existing software in the market. These techniques will be used to improve the sample subscriber list chosen for invoice control, aiming to prevent human error, detect incompatibilities between systems more effectively and minimize revenue loss.
18	Telco Script Project	29.11.2020	29.11.2022	In the project, it is aimed to attract more users by adding new modules to the application in order to create a social media platform together with the Telco customer. It is planned to include filtering and story modules on the pictures.
19	Telco Siebel Sales Force Module Replacement	1.10.2018	1.01.2023	The project aims to automatize the communication between the sales team management system and team leaders/managers and their sales personnel and, thus, to create a more efficient and affordable solution.
20	Telco Campaign Creator Module	1.02.2021	1.02.2023	It was developed for a telecommunications company. It is aimed to provide to end user an opportunity to create and use the packages they want by eliminating the necessity of choosing among the packages determined by the marketing teams.
21	Robotic Process Design	1.06.2019	01.02.2023	The project refers to the design and coding of all the procedures in Windows operated systems using RPA (Robotic Process Automation) technology. This project plans to minimize human errors in various procedures, finalize processes within a shorter time with robots and ensure continuous process standards.
22	Genesis ADM, Phase II	21.01.2019	14.03.2023	The project plans transition from on-premises systems to systems managed on cloud as part of the completion of new development requests and the transition to micro service infrastructure.

23	Personal Data Protection Law	4.12.2019	17.03.2023	The project covers all the technological procedures which are necessary for compliance with Personal Data Protection Law (KVKK), which is a version of GDPR (General Data Protection Law) of EU harmonized according to the conditions in Turkey. Client ensures full compliance with the Personal Data Protection Law at the end of the project.
24	World Commodity Index (WCI) Development Project	18.03.2021	18.03.2023	It involves the development of a commodity exchange system for a Netherlands-based company. Instead of the existing Legacy system used by the company, it is aimed to develop a system suitable for the future and new usage patterns, thus increasing customer satisfaction and profitability of the company.
25	New generation smart CRM Project	12.07.2021	12.01.2023	It is aimed to develop a simple and easy-to-use CRM platform that will enable institutions to manage their businesses quickly and securely from a single place. The SMART CRM Platform includes features such as revenue estimation, invoicing and reporting on the portal, and customer tracking.
26	MSP Test Environments Management Project Phase I	01.07.2021	01.07.2023	It is aimed to create a new MSP test environment in order to present test applications related to the project and transformation processes of our Telco customer. With the shift left methodology to be made within the scope of the project, increasing efficiency in internal processes in all products and transformations, reducing response times, time saving, general process improvements and implementation of various accelerators and tools (such as artificial intelligence, machine learning, etc.) will be made.
27	Script Automation Project	13.07.2021	13.07.2023	The project intends to prepare automatic scripts by making Unix and DB optimizations so as to ensure stable and uninterrupted operation of test media. The alarm systems in the project will refer possible issues to relevant teams using an early warning system. The project will also ensure automatic case opening thanks to the integration of tools tested with the alarm system.
28	Microreporter Project	01.09.2021	01.09.2023	It is an integrated reporting product with dynamic reporting.

*After the “Completion Date”, depending on the status of the product, extensions for these projects can be obtained, a new phase can be started, the productization stage can be progressed or the customer can start to use it.

V. FINANCIAL INFORMATION

a) Information about the Financial Condition and Operations

On 30.09.2021, the total assets of Kafein are equal to TRY 310.603.972 while total equities correspond to TRY 220.374.838. The Equity Attributable to Parent Company corresponds to TRY 149.951.208 while the same of the Non-Controlling Shares is equal to TRY 70.423.630.

The Company has TRY (7.992.539) period loss on 30.09.2021. Of this amount, TRY (10.830.817) belongs the Share of Main Partnership while TRY 2.838.278 belongs to the Non-Controlling Shares.

As of 30.09.2021, the sales revenue is TRY 168.689.722 while the same was TRY 113.381.663 for 30.09.2020.

b) Financial Information Summary

BALANCE SHEET (TRY)		30.09.2021
Current Assets		100.014.659
Cash and Cash Equivalents		13.500.626
Trade Receivables		46.992.958
Non - Current Assets		210.589.313
Total Assets		310.603.972
Short-Term Liabilities		74.290.409
Long-Term Liabilities		15.938.725
Equity Attributable to Parent Company		149.951.208
Equity Attributable to Non-Controlling Shares		70.423.630
Total Liabilities		310.603.972
INCOME STATEMENT (TRY)		30.09.2021
Sales Revenue		168.689.722
Gross Profit		48.448.361
Other Operating Income		5.080.474
Other Operating Expense		(3.129.269)
Main Operation Profit		23.613.117

Income/Expense from Investment Activities	(37.296.178)
Continuing Operating Profit (or Loss) before Financial Income/Expense	(13.683.061)
Financial Income/(Expense)	96.734
Net Profit for the Period	(10.830.817)

c) Information about Dividends

During the Ordinary General Assembly Meeting held on 12.04.2021, it was agreed to distribute a total of TRY 1.000.000 of gross dividend among the partners according to the proportion of their shares after the allocation of the amounts to be assigned/paid from the profit of 2020 under the laws and the articles of association. It was also agreed to identify the starting date of dividend distribution as 19.04.2021.

VI. RISK AND EVALUATION BY THE BOARD OF DIRECTORS

The risks with possible effects to the Company and the financial investments are as follows:

a) Industrial Risks

- There are certain legal regulations and restrictions which Kafein should comply with. Kafein is a company engaged in software industry. The Turkish government grants certain privileges to the industry. However, these privileges may be removed in time, and the privileges granted to Kafein may decrease or completely disappear.
- The activities of Kafein may be subject to the effects of economic inconsistency. There may be political and/or economic inconsistencies in Turkey and the world. Kafein and the industry may be affected negatively and have retarded activities.

b) Operational Risks

- Kafein ensures sales revenue mainly from only a single industry. Although Kafein carries out sales transactions electronic communication companies for more than 10 years, the Company is still subject to the risk of sectorial condensation. Certain issues which may arise in the electronic communication industry may affect Kafein negatively.
- The bidding stage of tenders and the commencement periods of undertaken projects may exceed prescribed times. In general, Kafein makes sales revenue by winning tenders and making project offers to clients. In case of extended bidding stage or longer project periods due to uncontrollable reasons may create a negative impact on the expected profitability of Kafein.
- There may be delays in tender and project preparation and implementation processes: Material errors during the preparation or price and specification evaluation processes of

the tenders wherein Kafein ensures participation may lead to a failure in timely performance and/or decrease in profitability from a project.

- There may also be risks due to the location of the head office: The head and the R&D offices of Kafein are situated in the Technopark of Yildiz Technical University which takes place in Esenler, Istanbul. The activities of Kafein may be affected in case authorized bodies decide to move the Technopark or amend the relevant regulation.
- The operations of the softwares and business support systems developed by the Company fail. The operations of the softwares and business support systems developed by Kafein may fail. The Company's personnel may need to put effort for long periods so as to remove these failures.

c) Other Risks

Apart from the foregoing, the Company may be subject to various financial risks due to the activities. These are credit risk, liquidity risk and interest rate risk.

Credit Risk: Credit risk becomes a question when the other party cannot perform its contractual liabilities. For current period, the Company's other short-term receivables from non-affiliated parties are TRY 197.186 while short-term trade receivables from non-affiliated parties are TRY 46.992.958.

Liquidity Risk: Liquidity risk refers to the risk of failure to perform funding liabilities and arises from various reasons that lead to a decrease in fund sources such as undesired market conditions and/or decrease in credit score. For current period, the Company's short- and long-term liabilities are TRY 74.290.409 and TRY 15.938.725, respectively, which corresponds to TRY 90.229.134 in total.

Exchange Risk: Exchange risk is the effect of the changes in exchange rates. For current period, Company is not under serious exchange risk since it has foreign asset position equals to TRY 12.693.044

Interest Rate Risk: Interest rate risk may occur when the changes in the interest rates of the market cause fluctuation in the price of financial instruments. Sensitivity to interest rate risk is associated with the inconsistency of the maturities of assets and liabilities to a great extent. The Company manages this risk with a natural measure which is ensured by balancing sensitive assets and liabilities. For current period, the Company has TRY 13.500.626 cash and cash equivalents which are subject to interest risk.



d) Risk Management

The Company is under industrial condensation risk. Apart from that, the Company risk management plan focuses on the minimization of the negative effects of the uncertainties in financial markets on the Company's financial performance.

VII. DEVELOPMENTS WITHIN AND FOLLOWING THE PERIOD

- An Additional Protocol on Outsourcing is signed with Innova Bilisim Cozumleri A.S. to remain in effect between 01.01.2021 and 31.12.2021.
- On 05.01.2021, The agreement of "The Project of GDPR (Personal Data Protection Regulation) Software Supply Service" is signed with a third-party bank to take effect between 01.01.2021 and 31.12.2021. Total service amount covers 662.750 USD License + 2.050.000 TRY implementation services.
- On 06.01.2021, Our company has become a Micro Focus Platinum Partner by completing the "Reseller Partner Program" certifications within the scope of the Business Partnership Program for the Vertica which is an Integrated Data Analytics product of Micro Focus.
- On 08.02.2021, our company signed a Reseller Agreement with California USA-based Diamanti, Inc. The term of the contract is 1 year and will automatically be extended by 1 year unless the parties terminate it.
- On 05.02.2021, our company signed the Additional Protocol of the Service Framework Agreement with Garanti Faktöring A.Ş. within the scope of software consultancy which will remain in effect until 31.12.2021.
- On 11.02.2021, a consultancy contract additional protocol is signed with Istanbul Medipol University to remain in effect until 01.10.2021 within the scope of the "Smart Platform for the Treatment and Follow-up of Parkinson's Disease" developed by our company.
- Our company is selected among the top 50 fastest growing technology companies of Turkey in the "Deloitte Technology Fast 50 Turkey 2020 Program" which is held on 16.02.2021.
- On 19.02.2021, our company signed the Outsourcing Agreement Additional Protocol with Allianz Sigorta A.Ş. to remain in effect between 01.01.2021-01.01.2022.
- In the Board of Directors' meeting held on 19.01.2021 with the decision number of 2021/02, Due to the expiration of the current registered capital ceiling by the end of 2020; It has been decided to apply to Capital Markets Board and T.R. Ministry of Commerce in order to complete legal procedures for attached amendment of Article No. 7 of the Company's Articles of Association with the heading "Capital" for the

purpose of the Extension of the Registered Share Capital Ceiling Validity Period from 2021 to 2025 (5 years) by increasing the current capital ceiling from 50.000.000 TRY to 200.000.000 TRY where our company adopts the registered capital system upon the permit no. 21/279 by the Capital Market Board dated 30.06.2016. The application has been approved by the Capital Market Board on 15.02.2021 and by T.R. Ministry of Trade on 25.02.2021. It is accepted on general assembly dated 12.04.2021 and has been registered by Istanbul Trade Registry Office as of 15.04.2021.

- On 22.03.2021, an additional protocol on "Software Consultancy and Adaptation Projects Procurement" is signed Ziraat Teknoloji A.Ş, which will remain in effect until 28.02.2022.
- On 22.03.2021, an additional protocol on "IT Infrastructure Consulting Service Projects " is signed Ziraat Teknoloji A.Ş, which will remain in effect until 28.02.2022.
- On 30.03.2021, an indefinite outsourcing contract for software development is signed with India-based Wipro Limited.
- An additional protocol on “Robotic Process Automation (RPA) Solution 3-Year License Acquisition” is signed with Turkish Airlines AO on 07.04.2021. The protocol will remain in force between 07.04.2021 – 31.05.2023.
- On 07.04.2021, a 2-year Outsourcing Service Agreement is signed with Global Kapital Group Technology Services on "software support for integrating the customer's existing systems with new applications and improving their performance".
- At the meeting of our Company's General Assembly dated 12.04.2021, the proposal of the board of directors regarding profit distribution is accepted, and it is decided to distribute a cash dividend of 1.000.000- TRY (gross). The cash dividend distribution process is completed on 19.04.2021.
- On 19.04.2021, The "Test Data Management (TDM)" product developed by our company has been included in the product catalogue of the global software provider Micro Focus LLC to be sold all over the world, and the relevant product contract is signed on 19.04.2021.
- On 01.05.2021, a 6-month "outsource providing agreement” is signed with Portugal-based Celfocus for the micro-service software development process which will take part in the digital transformation of its customers.
- On 11.06.2021, A 1-year service contract on RPA (Robotic Process Development) is signed with Sölen Cikolata Gıda Sanayi Tic. A.Ş.
- On 15.06.2021, our company has been elected as the "Vice Chairman of the Board of Directors" (Represented by Mr. Ali Cem Kalyoncu) and co-signatory by our %11

affiliate Papilon Savunma Teknoloji ve Tic. A.Ş. based on their board decision numbered 2021/19.

- On second quarter, by completing necessary trainings and accreditations, our company has become an Authorized Solution Partner with Microfocus International Plc – Arcsight (Log Management and Security Operations); Mentis Software (Dynamic Data Masking, Database Monitoring and Firewall) and NetWitness Software - RSA (Network, Endpoint Threat Detection and Response) products.
- Kafein Software took its place in the list of "Turkey's 250 Companies with the Highest R&D Expenditures" organized by Turkishtime Economy and Business Culture Portal on 23.06.2021, with a total R&D investment of 13.901.821 TRY in 2020. (<https://turkishtimedergi.com/arge250/>)
- On 01.07.2021, an authorized business partnership agreement is signed with Inter-Tech Bilgi İşlem ve Pazarlama Tic. A.Ş. to remain in effect until 01.07.2022.
- On 09.07.2021, “Agile Solution & SDLC Turnkey Projects Work Order Extension” is signed with a third-party Telekom company. With this contract, the number of our personnel working in the relevant Telecom company has exceeded 180 people.
- Within the scope of the business partnership agreement signed with California-based Couchbase Inc., an order form is received for LC Waikiki Mağazacılık Hizmetleri Ticaret A.S. on 12.07.2021. The relevant service amount is \$45,300.
- On 24.08.2021, Our %51 subsidiary Karmasis Bilisim Cozumleri Tic. A.S. has decided to become a founding partner in the company "Karmasis Azerbaijan MMC" with %20 participation rate over a total establishment capital of 10.000.00 USD, which will be operated in the field of cyber security and established at the address "Azerbaijan, Baku. Nizami Street 92. Arena"
- On 06.09.2021 An additional service agreement is signed with the Kale Holding A.Ş. for the provision of additional licenses, robots, and services regarding the current Robotic Process Automation services.
- On 08.09.2021, In accordance with the article 4.2.8 of Corporate Governance Communiqué, Executive Liability Insurance Policy is extended with a validity from 03/09/2021 to 03/09/2022 with the total liability amount of 3.000.000 USD.
- On 08.09.2021, The service agreement is signed with Mapfre Sigorta A.Ş. to remain in affect until 07.09.2022 based on the subject of Business Analyst Outsource Service.
- On 14.09.2021, the "Etisalat Data Tokenization Project" agreement on Encryption of Dubai Etisalat Telecom Hadoop Environment is signed with United Arab Emirates-based TechVista Systems LLC. The service revenue is 146.000 USD.

- A 1-year Partnership Service Agreement is signed with Ithinka Bilişim Yazılım Danışmanlık Hizm. Tic. Ltd.
- To be valid between 15.09.2021 and 15.09.2022, an “E-Commerce Market Place Additional Agreement” is signed with the third-party Telekom company on the provision of Digital Channels Marketplace and E-commerce Application Development services. With this contract, the number of our personnel working in the relevant Telecom company has exceeded 90 people. Project revenue is 2.000.000 TL.
- On 05.10.2021, “GDPR Program and GD Inventory Management and Disposal Project Phase 3 Work Order” is signed with a third-party Telecom company. The project amount is 2.350.000 TL.
- Within the Digital Services Team of a third-party Telecom company, a team of 6 people is assigned to work on domestic and international projects, a team of 3 people is assigned to work on the development of Mall & Supermarket applications, a team of 4 people is assigned to work on Campaign Analytics and Management, and a team of 4 people is assigned to work on front-end development for websites and applications, a team of 2 people is assigned to work within the scope of the management and monitoring of Devops systems, equally a total of 19 of our personnel are placed within customer location. “Warehouse Counting Application Software Project” with a revenue of 350.000 TL and a “Dunning Assurance Project” with a revenue of 300.000 TL are signed within the same third-party Telekom company, and the current RPA (Robotic Process Automation) service which is providing by our company is passed to the 5th Phase.
- Within the scope of the Kafein Test Academy program, a two-month training program is provided by our company to 10 new graduated in the field of Software-Testing, to be evaluated in test positions and mainly placed at our third-party Telecom company customer.
- On 25.10.2021, our company became the Authorized Solution Partner of McAfee LLC, a global online security company, within the framework of the "McAfee Partner Program".
- On 26.10.2021, the application of the project ARB-SIB (Absolute Real-time Threat Protection for Smart Infrastructures and Smart Buildings) is approved and labelled under EURIPIDES2 -PENTA 2021 Joint Call. The application was made with a consortium. The relevant consortium consists of the following companies: Wedge Networks, Inc.- Canada, ThinkRF – Canada, Mavinci Bilişim Sanayi ve Ticaret A.Ş. – Turkey, Bewell Teknoloji Sanayi ve Ticaret A.Ş. – Turkey, Kafein Yazılım Hizmetleri Ticaret A.Ş. – Turkey, Oredata Yazılım Limited Şirketi – Turkey, Karel Elektronik San. ve Tic. A.Ş. – Turkey, Televés – Spain, Hopu – Spain, ISS RFID sp. z o.o. – Poland and Gdansk University of Technology – Poland.

- Our company has been selected as the "Solution Partner of the Year" for 2021 by the global software provider Micro Focus LLC in the field of "Data Security and Protection".

VIII. OTHER ISSUES

N/A